



DECEMBER 20, 2019

PROJECT NO: 16-102  
VIA US MAIL

**CERTIFIED MAIL NO. 7018 3090 0001 0786 7737**  
**RETURN RECEIPT REQUESTED**

Ms. Carol Stein  
U.S. Environmental Protection Agency – Region 2  
290 Broadway  
New York, NY 10007-1866

**CERTIFIED MAIL NO. 7018 3090 0001 0786 7751**  
**RETURN RECEIPT REQUESTED**

Mr. Jean Pierre Oriol  
Commissioner  
Virgin Islands Department of Planning and Natural  
Resources  
45 Mars Hill  
Frederiksted, VI 00840

**CERTIFIED MAIL NO. 7018 3090 0001 0786 7744**  
**RETURN RECEIPT REQUESTED**

Mr. Donald G. Frankel  
Department of Justice  
Suite 236  
Environmental Enforcement Section  
408 Atlantic Avenue  
Boston, MA 02110

**CERTIFIED MAIL NO. 7018 3090 0001 0786 7768**  
**RETURN RECEIPT REQUESTED**

Ms. Denise N. George, ESQ.  
Attorney General  
For the United States Virgin Islands  
Department of Justice  
Office of the Attorney General  
334-38 Kronprindsens Gade  
GERS Building, 2nd Floor  
St. Thomas, Virgin Islands 00802

**RE:   2018 Expenditure Report**  
**Bankruptcy Case No. 1: 15-bk-10003-MFW; EPA ID No. VID980536080**

Dear Ms. Stein, Mr. Oriol, Mr. Frankel, Ms. George:

The HOVENSA Environmental Response Trust (ERT) hereby submits the final expenditure report for all expenditures incurred between January 1, 2018 and December 31, 2018. This report is submitted in accordance with Section 6.1 of the ERT Agreement.

The budget for 2018 was originally submitted on December 14, 2017 for review and approval as outlined in the ERT Agreement. Revisions were submitted on January 29, 2018, April 4, 2018, November 1, 2018 and December 21, 2018 and served to address: 1) comments received from United States Environmental Protection Agency (EPA) and the United States Department of Justice (US DOJ), 2) reallocation of landfarm closure monies from the 2019 budget to the 2018 budget, and 3) unanticipated work resulting from the shared services negotiations with Limetree Bay Terminals, LLC (Limetree) and from Limetree exercising their option to purchase some of the property that was deeded to the ERT.

The US DOJ approved the April 4, 2018 version via e-mail dated April 11, 2018 and approved the December 21, 2018 version via e-mail dated March 14, 2019; US DOJ approval was not required for the other versions. EPA approved the January 29, 2018 version in a letter dated March 12, 2018 and

## HOVENSA Environmental Response Trust

Ms. Stein, Mr. Oriol, Mr. Frankel, Ms. George  
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approved the November 1, 2018 version in a letter dated November 23, 2018; EPA approval was not required for the other versions.

The ERT operated within budget in 2018; total expenditures for 2018 are \$4,456,943 which is below the budgeted amount of \$8,797,433. Some notable differences between the budgeted amounts and estimated actuals include:

### 1. Negotiated Fees

- Successful negotiations of the Shared Services Agreement with Limetree resulted in a savings of \$665,925 in fees for wastewater treatment, oily water sewer testing and repair, compressed air and water.

### 2. Delay of Work and/or Expenses:

- \$1,860,000 budgeted for removal of materials from the Scrap Metal / Recycle Yard was not expended in 2018. Work has begun on the clean-out of the former HOVENSA, L.L.C. Recycle Yard located in the southeast portion of the site and the ERT has not yet incurred any charges for this work. Per agreement with the contractor, recyclable materials that belong to the contractor, such as scrap metal, are being removed first; the ERT will begin incurring charges when tires, hoses and non-recyclable materials are removed from the area. The \$1,860,000 was rolled into the 2019 and now the 2020 budgets.
- The ERT has not yet been directed to release funds for the PRI Consent Decree Water and Power Authority (WAPA) project and this resulted in an excess of \$415,320 in the 2018 budget. These funds are included in the 2019 and 2020 budgets and the ERT is prepared to distribute the funds as directed.
- Work to close Landfarms 2 and 3 began in 2018. Delays due to weather and equipment issues caused work to carry into 2019, i.e. closure funds budgeted in 2018 were not expended in 2018. The closure of Landfarms 2 and 3 was completed in 2019 under budget. Detailed expenses related to the closure work performed in 2018 and 2019 will be submitted under separate cover.

The ERT is committed to working within the wind-down budget created by HOVENSA, L.L.C. (HOVENSA) which is provided in the February 17, 2016 ERT Agreement. Notable deviations from the wind-down budget include:

- The wind-down budget created by HOVENSA assumed Landfarms 2 and 3 would be closed by the end of 2017. HOVENSA's assumption allotted two years for the revised Landfarm Closure and Post-Closure Plan to be incorporated into the RCRA Part B Permit and the Landfarm closure work to be completed. Closure work could not begin until 2018 when the Landfarm Closure and Post-Closure Plan was incorporated into the Permit and closure work was completed in 2019. EPA's May 29, 2018 letter approved the Permit modification and effectively incorporated the updated Landfarm Closure and Post-Closure Plan into the Permit. The ERT mobilized for landfarm closure in June 2018 and, upon completion of all closure activities, submitted the final Landfarm Closure Report and Certification on May 3, 2019.

As a result of the deviation in HOVENSA's assumed timeline for the closure of Landfarms 2 and 3, an unanticipated \$435,453 for on-going operation of Landfarms 2 and 3 were incurred by the ERT in 2018. In 2017, the ERT incurred \$275,287 in unanticipated

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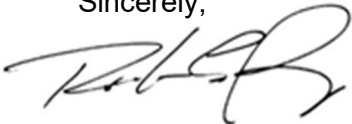
expenses for Landfarm 2 and 3 operations. The net result is a total of \$710,740 was expended by the ERT for unanticipated Landfarm 2 and 3 operational costs. And though budget years 2017 and 2018 were completed under budget for line item 6 ("Landfarm 2 & 3 / RCRA Permit"), the project has deviated from the wind-down budget developed by HOVENSA. The wind-down budget was utilized as the basis for funding for the ERT.

- As discussed with EPA and DOJ during a July 18, 2019 meeting held in EPA's offices in New York, the unanticipated creation of Limetree Bay Refining, LLC and the potential restart of select refinery assets will inherently reduce the ERT's pro rata portion of wastewater treatment fees and utility fees specified in the Shared Services Agreement. As a result, if the refinery restart is successful, the ERT currently remains on track with the wind-down budget. If the refinery does not restart, or if refinery operations do not continue for an extended period, the ERT's forecast will be impacted and the ERT's ability to operate within the wind-down budget may be affected.

In addition to the enclosed report of budgeted and actual expenditures for 2018, a summary table of 2018 invoices is attached. Hard copies of this letter are accompanied by a USB flash drive containing copies of all 2018 invoices. Electronic copies of this letter are accompanied by an e-mail from [files@sendthisfile.com](mailto:files@sendthisfile.com) which provides a temporary link from which the file containing 2018 invoices may be downloaded. Please note the temporary link will be available for fourteen days from the date of the e-mail; If future downloads are required you may contact Carey Guilbeau via e-mail at [cguilbeau@hovensaert.com](mailto:cguilbeau@hovensaert.com) for assistance.

If additional information is required, please contact Carey Guilbeau at (340) 692-3179.

Sincerely,



Roberto Puga, P.G.

Agent of Project Navigator Ltd., solely in its capacity as Trustee for the HOVENSA Environmental Response Trust

Enclosure

cc: Ms. Amy Chester, EPA Region 2 ([Chester.Amy@epa.gov](mailto:Chester.Amy@epa.gov))  
Mr. William Sawyer, EPA Region 2 ([Sawyer.William@epa.gov](mailto:Sawyer.William@epa.gov))  
Ms. Flaire Mills, EPA Region 2 ([Mills.Flaire@epa.gov](mailto:Mills.Flaire@epa.gov))  
Mr. Nidal Azzam, EPA Region 2 ([Azzam.Nidal@epa.gov](mailto:Azzam.Nidal@epa.gov))  
Mr. Adolph Everett, EPA Region 2 ([Everett.Adolph@epa.gov](mailto:Everett.Adolph@epa.gov))  
Mr. Jim Casey, EPA Region 2 ([Casey.Jim@epa.gov](mailto:Casey.Jim@epa.gov))  
Ms. Pamela Tepper, VIDOJ ([Pamela.Tepper@vi.gov](mailto:Pamela.Tepper@vi.gov))  
Ms. Kathlyn Worrell-George, VIDPNR ([Kathlyn.Worrell-George@dpnr.vi.gov](mailto:Kathlyn.Worrell-George@dpnr.vi.gov))  
Mr. Syed Syedali, VIDPNR ([Syed.Syedali@dpnr.vi.gov](mailto:Syed.Syedali@dpnr.vi.gov))  
Mr. Benjamin Keularts, VIDPNR ([Benjamin.Keularts@dpnr.vi.gov](mailto:Benjamin.Keularts@dpnr.vi.gov))  
Mr. Kenneth Milligan, VIDPNR ([Kenneth.Milligan@dpnr.vi.gov](mailto:Kenneth.Milligan@dpnr.vi.gov))  
Ms. Mary Koks, Munsch Hardt Kopf & Harr ([MKoks@munsch.com](mailto:MKoks@munsch.com))

## HOVENSA Environmental Response Trust

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Section Chief  
Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice  
P.O. Box 7611  
Ben Franklin Station  
Washington, DC 20044-7611  
Ref: DOJ No. 90-5-2-1-08229/2

Chief Land and Redevelopment Programs  
Branch  
Land Chemicals, and Redevelopment Division  
EPA Region 2  
290 Broadway  
New York, NY 10007

Chief, Waste and Toxic Substances Branch  
Office of Regional Counsel  
EPA Region 2  
290 Broadway  
New York, NY 10007

## HOVENSA Environmental Response Trust 2018 Annual Report

## HOVENSA Environmental Response Annual Agency Budget vs Expenditures - Routine - Service Period 2018

			ERT Account			RCRA Financial Assurance Trusts (Administered by EPA)			Limetree (As per Section 7.33 of the Asset Purchase Agreement)				Total		
Approval Authority	ERT Account	ERT Agreement		2018	2018	DELTA	2018	2018	DELTA	2018	2018	DELTA	2018 Budget Total	2018 Actuals Total	DELTA
		Wind Down Estimate Line Items		Budget	Actuals		Budget	Actuals		Budget	Actuals				
		Item No.	Description	Total	Total		Total	Total		Total	Total				
EPA	Remediation	1	PRPP - OWS Testing & Repair	--	--	--	--	--	--	177,000	--	177,000	177,000	--	177,000
EPA	Remediation	2	Scrap Metal / Recycle Yard Management	--	--	--	--	--	--	1,860,000	--	1,860,000	1,860,000	--	1,860,000
EPA	Remediation	3	Asbestos Landfill	--	--	--	--	--	--	--	--	--	--	--	--
EPA	Remediation	4	Corrective Action / Remediation / Hydrocarbon Recovery	--	--	--	1,680,000	1,400,263	279,737	596,000	211,719	384,281	2,276,000	1,611,983	664,017
EPA	Remediation	5	Landfarm 1 Post-Closure	--	--	--	56,200	32,476	23,724	--	--	--	56,200	32,476	23,724
EPA	Remediation	6	Landfarm 2 & 3 / RCRA Permit	449,000	435,453	13,547	1,068,931	491,757	577,174	--	--	--	1,517,931	927,210	590,721
DPNR	Remediation	7	TPDES	--	--	--	--	--	--	--	--	--	--	--	--
EPA	Remediation	8	WWT (Primary & Secondary)	--	--	--	2,100,000	1,654,380	445,620	--	--	--	2,100,000	1,654,380	445,620
US DOJ / VI AG	Admin	9	Data & Records Management & Retention	--	--	--	--	--	--	60,000	5,502	54,498	60,000	5,502	54,498
DPNR	Remediation	10a	Consent Decree - VI SEP	--	--	--	--	--	--	--	--	--	--	--	--
EPA	Remediation	10b	Consent Decree - WAPA Project	423,898	--	423,898	--	--	--	--	--	--	423,898	--	423,898
DPNR	Remediation	11	Air Permitting / Title V	--	--	--	--	--	--	--	--	--	--	--	--
EPA	Remediation	12 - 24	Tier II, TRI / EI, TSCA, BWON, GHGs, CEMs, Boiler MACT,	--	--	--	--	--	--	--	--	--	--	--	--
EPA / DPNR	Admin	25	Potable Water / SDWA	--	--	--	--	--	--	--	--	--	--	--	--
US DOJ / VI AG	Admin	26	Utilities: Electric	--	--	--	--	--	--	--	--	--	--	--	--
US DOJ / VI AG	Admin	27	Utilities: Compressed Air & Water	--	--	--	--	--	--	50,004	6,699	43,305	50,004	6,699	43,305
US DOJ / VI AG	Admin	28	Security	--	--	--	--	--	--	--	--	--	--	--	--
US DOJ / VI AG	Admin	29	Business Operating Expenses	--	--	--	--	--	--	112,400	59,138	53,262	112,400	59,138	53,262
DPNR	Admin	30	PLL Insurance Premium	--	--	--	--	--	--	--	--	--	--	--	--
US DOJ / VI AG	Admin	31	Fees for Trust and Trustee	--	--	--	--	--	--	164,000	159,556	4,444	164,000	159,556	4,444
DPNR	Admin	32	Marine Impact Study	--	--	--	--	--	--	--	--	--	--	--	--
Total				872,898	435,453	437,445	4,905,131	3,578,876	1,326,255	3,019,404	442,614	2,576,790	8,797,433	4,456,943	4,340,490

**HOVENSA Environmental Response Trust**  
**2018 Annual Report -Invoice Summary**

Total Invoices by Service Date	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11	2018-12	Grand Total
<b>Beckstedt &amp; Associates</b>													
2750	550.00												550.00
2859	630.00												630.00
2940			710.00										710.00
3136										665.00			665.00
3239										3,835.00			3,835.00
3267											2,330.00		2,330.00
<b>Christiansted Equipment</b>													
DH089648	143.09												143.09
DH090823		485.37											485.37
DH091031			128.80										128.80
DH091495			291.84										291.84
DH091498			110.00										110.00
DH092638				110.00									110.00
DH097520									2,365.64				2,365.64
DH093783							4,003.22						4,003.22
DH093785							392.85						392.85
DH094161							147.21						147.21
DH094162							54.54						54.54
DH094921							1,149.66						1,149.66
RH080349							179.00						179.00
RH080507							44.75						44.75
RH092920					8.33								8.33
SH086989									82.50				82.50
SH090758		165.00											165.00
SH090820		110.00											110.00
SH090821		110.00											110.00
SH090822		220.00											220.00
SH090824		377.36											377.36
SH090860		37.39											37.39
SH091496			110.00										110.00
SH091497			55.00										55.00
SH091499			82.50										82.50
SH092639				110.00									110.00
SH092640				110.00									110.00
SH092641				351.05									351.05
SH092876					55.00								55.00
SH096369								917.76					917.76
SH096833									440.00				440.00
SH097519									326.82				326.82
SH093788							2,395.11						2,395.11
SH093837							451.03						451.03
SH093838							364.02						364.02
SH095518							330.00						330.00
SH095519							846.08						846.08
SH095520							440.00						440.00
SH095521							423.67						423.67
SH095522							55.00						55.00
SH095524							862.29						862.29
SH096343								217.81					217.81
SH096367								2,756.19					2,756.19
SH096522								630.72					630.72
SH096523								29.68					29.68
DH098800											167.94		167.94
SH098708										1,351.95			1,351.95
SH097560										495.00			495.00

**HOVENSA Environmental Response Trust**  
**2018 Annual Report -Invoice Summary**

Total Invoices by Service Date	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11	2018-12	Grand Total
SH097561									733.78				733.78
RH089759											667.86		667.86
DH093971						64.40							64.40
DH099508											118.76		118.76
<b>Chugh CPAs LLP</b>													
221577										3,150.00			3,150.00
<b>Citicorp North America</b>													
272356 (#798862)											3,208.33		3,208.33
272378 (#798864)											3,500.00		3,500.00
FORM A (#798862)				14,650.00									14,650.00
<b>Government of the Virgin Islands</b>													
2-04600-0353-00 (2018)							69.24						69.24
2-04600-0490-00 (2018)							55.89						55.89
2-06510-0230-00 (2018)							279.42						279.42
2-08301-0101-00 (2018)							7,963.20						7,963.20
2-08307-0301-00 (2018)							1,959.52						1,959.52
2-08401-0101-00 (2018)							8,512.80						8,512.80
<b>Groundwater &amp; Environmental Services, Inc.</b>													
813756	130,448.16												130,448.16
815339		144,374.15											144,374.15
817974			165,150.68										165,150.68
819858				165,737.51									165,737.51
822160					146,935.93								146,935.93
824747						205,847.77							205,847.77
826826							161,492.19						161,492.19
829035								145,694.39					145,694.39
831340									164,530.82				164,530.82
833069										158,180.68			158,180.68
835334											130,166.11		130,166.11
837738												132,517.69	132,517.69
838891												158,307.90	158,307.90
<b>GW/S Environmental Consulting</b>													
2214			787.00										787.00
2216				2,424.50									2,424.50
2224					803.70								803.70
2233							1,405.75						1,405.75
2238								759.00					759.00
2240									778.75				778.75
<b>J.P. Morgan</b>													
977666												2,500.00	2,500.00
<b>Limetree Bay Terminals LLC</b>													
LBT#000879							1,661,079.00						1,661,079.00
200000409							20,004.00						20,004.00
<b>Locus Technologies</b>													
982867	8,435.00												8,435.00
983089										10,845.09			10,845.09
<b>Marsh USA Inv.</b>													
465432039343			11,713.20										11,713.20
<b>Munsch</b>													
10373945	6,253.64												6,253.64
10375060		1,215.00											1,215.00
10376549			3,330.00										3,330.00
10377991				8,949.00									8,949.00
10380075					4,650.88								4,650.88
10381536						2,440.96							2,440.96
10383840							6,947.50						6,947.50

**HOVENSA Environmental Response Trust**  
**2018 Annual Report -Invoice Summary**

Total Invoices by Service Date	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11	2018-12	Grand Total
10385567								9,135.00					9,135.00
10386895									4,425.31				4,425.31
10388553										12,743.23			12,743.23
10390129											11,835.00		11,835.00
10391372												2,753.18	2,753.18
<b>Pinnacle Services</b>													
30509	2,841.68												2,841.68
30510	2,999.60												2,999.60
30637	2,920.64												2,920.64
30638	267.75												267.75
30920		11.80											11.80
30921	2,999.60												2,999.60
30922		2,999.60											2,999.60
30923		2,999.60											2,999.60
31138		2,999.60											2,999.60
31219			2,999.60										2,999.60
31237		2,999.60											2,999.60
31303			2,999.60										2,999.60
31452			2,999.60										2,999.60
31533			2,999.60										2,999.60
31625			2,999.60										2,999.60
31702		12,918.00											12,918.00
31703				2,999.60									2,999.60
31735		242.38											242.38
31953				2,999.60									2,999.60
32011				2,999.60									2,999.60
32166					2,999.60								2,999.60
32303					2,999.60								2,999.60
32425					2,999.60								2,999.60
32468				930.59									930.59
32532					2,999.60								2,999.60
32637					2,920.64								2,920.64
32754						2,999.60							2,999.60
32818						2,999.60							2,999.60
32925						2,999.60							2,999.60
33058							2,762.72						2,762.72
33128							2,604.80						2,604.80
33207							2,999.60						2,999.60
33210					12,918.00								12,918.00
33288							2,999.60						2,999.60
33398							2,920.64						2,920.64
33530							2,841.68						2,841.68
33531							165.35						165.35
33652							2,841.68						2,841.68
33775								2,999.60					2,999.60
33881								2,999.60					2,999.60
33924								41.70					41.70
34014								2,999.60					2,999.60
34132									2,999.60				2,999.60
34277									2,999.60				2,999.60
34401									2,999.60				2,999.60
34459									1,321.12				1,321.12
34557									2,999.60				2,999.60
34558									89.15				89.15
34616									8.20				8.20
34765										2,999.60			2,999.60



## HOVENSA Environmental Response Trust 2018 Annual Report -Invoice Summary

[illegible]

**HOVENSA Environmental Response Trust**  
**2018 Annual Report -Invoice Summary**

Total Invoices by Service Date	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11	2018-12	Grand Total
521-10314104				924.00									924.00
521-10317269					5,990.00								5,990.00
521-10317597					4,790.20								4,790.20
521-10317625					1,396.00								1,396.00
521-10318390						384.00							384.00
521-10318408						528.00							528.00
521-10318560					28.00								28.00
521-10318562					84.00								84.00
521-10318713						3,022.00							3,022.00
521-10319291							96.00						96.00
521-10320117							240.00						240.00
521-10320247							9,950.00						9,950.00
521-10320481						43,029.00							43,029.00
521-10320508						25,271.00							25,271.00
521-10320526							35,168.00						35,168.00
521-10320544							5,652.00						5,652.00
521-10321076							3,759.00						3,759.00
521-10321362							43,960.00						43,960.00
521-10321405							1,656.00						1,656.00
521-10321523							3,060.00						3,060.00
521-10321744							1,530.00						1,530.00
521-10324483								616.00					616.00
521-10324637								924.00					924.00
521-10324825									--				--
521-10325186									740.00				740.00
521-10325215									1,665.00				1,665.00
521-10325218									418.00				418.00
521-10325698									1,848.00				1,848.00
521-10326041									1,295.00				1,295.00
521-10326152									488.00				488.00
521-10326153									268.00				268.00
521-10326154									528.00				528.00
521-10326453									3,983.00				3,983.00
521-10326887									804.00				804.00
821-10325183									192.00				192.00
521-10332555												--	--
521-10333281												2,833.00	2,833.00
521-10326953										3,983.00			3,983.00
521-10328382										384.00			384.00
521-10326838										908.00			908.00
521-10326689										--			--
521-10330829											192.00		192.00
521-10332242											6,388.00		6,388.00
Geographic Consulting LLC													
6391							735.00						735.00
Grand Total	176,434.90	188,706.77	223,431.52	215,974.88	207,348.93	296,407.78	2,015,340.51	191,514.55	204,809.49	224,980.79	194,094.73	317,898.10	4,456,942.95